| STATE | 2001-02 | 2002-03 | 2003-04 |
|---|---|---|---|
| **UNION TERRITORIES** | | | |
| ANDAMAN & NICOBAR | 0.02 | 0.04 | 0.06 |
| CHANDIGARH | 0.09 | 0.12 | 0.13 |
| DADRA & NAGAR HAVELI | 0.01 | 0.02 | 0.03 |
| DAMAN & DIU | 0.01 | 0.02 | 0.01 |
| LAKSHADWEEP | 0.00 | 0.00 | 0.00 |
| PONDICHERRY | 0.10 | 0.14 | 0.15 |
| TOTAL : | 0.23 | 0.33 | 0.38 |
| ALL INDIA : | 60.75 | 67.11 | 78.07 |

**Losses suffered by oil companies**

108. SHRIMATI S.G. INDIRA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Government will have to formulate a fresh pricing mechanism for the national oil companies in the face of world oil prices rising to US Dollar 55 a barrel in October last year;

(b) whether it is also a fact that the price hike effected by Government did not fully compensate the oil companies for the impact of extremely high global prices; and

(c) whether it is a fact that the under recoveries to be borne by the oil companies would shoot-up further, if the prices are not revised?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (c) The year 2004-05 witnessed unprecedented high oil prices in the international markets. As compared to the average Indian basket crude price of US$ 27.98/barrel during 2003-04, the average price during 2004-05 (April 2004-January 2005) has been US$37.87/barrel. With a view to containing the burden of increase in international prices on cunsumers of PDS kerosene, domestic LPG, diesel and petrol, it was decided that the burden should be equitably shared by the Government and Oil Companies. Thus, the Government reduced excise duty on petrol, diesel and domestic LPG by 4%, 3% and 8% respectively effective 16/6/04. Further, effective 19/8/04, the excise duty on petrol, diesel and PDS Kerosene was reduced by 3%, 3% and 4% respectively. The Government also reduced customs duty by 5% each on petrol, diesel, PDS Kerosene and Domestic LPG with effect from 19/8/04. As regards burden sharing by Oil Marketing Companies (OMCs), they did not pass

on the full increase in the international prices in the domestic consumer prices of these products. The under-recoveries of OMCs on account of PDS Kerosene and Domestic LPG, estimated to be around Rs. 13,558 crore during April-December 2004, were partly shared by the upstream oil PSUs, which benefited from high oil prices.

The pricing mechanism for petrol, diesel, PDS Kerosene and Domestic LPG during 2004-05 has attempted to balance the interests of various stakeholders, *viz.*, Consumers, Government and Oil Companies. The burden borne by oil companies will, of course, go up to the extent that domestic prices are not revised upwards when international prices shoot up, but it is hoped that when international prices stabilise the price band mechanism might be restored, thus moderating the burden of under-recoveries on oil companies.

**Natural gas storage**

109. SHRI TARIQ ANWAR: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that there is a proposal to develop natural gas storage facilities;

(b) if so, the details thereof; and

(c) the purpose of this storage and beneficiaries thereof?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (c) Yes, Sir. Many developed countries have created underground storage facilities to meet the eventuality of disruption in gas supplies and to meet the requirements of seasonal demand variation. In India also, it has been decided to develop underground natural gas storage facilities. The proposal is at a conceptual stage. Abandoned gas wells and salt caverns are generally used for this purposes. The gas consuming industries will be the beneficiaries of these facilities.

**Oil deposits in Assam**

110. SHRI LALIT SURI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether new oil deposits have recently been found in Assam;